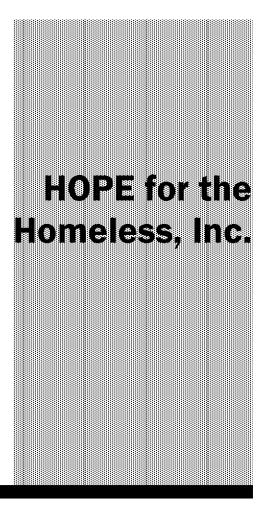
Financial Statements

Years Ended December 31, 2013 and 2012



# Financial Statements

Years Ended December 31, 2013 and 2012

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#### **Independent Auditor's Report**

To the Board of Directors HOPE for the Homeless, Inc. Shreveport, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of HOPE for the Homeless, Inc. (a nonprofit organization) ("HOPE"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related summary of accounting policies and notes to financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE for the Homeless, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Prior Period Financial Statements**

The 2012 financial statements were reviewed by me, and in my report thereon, dated July 5, 2013, I stated that I was not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than and audit and does not provide a basis for the expression of an opinion on the financial statements.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 14, 2014 on my consideration of HOPE for the Homeless, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HOPE for the Homeless, Inc.'s internal control over financial reporting and compliance.

James Demchelland, CPA LLC

Certified Public Accountant

Shreveport, Louisiana July 14, 2014



Fax: 318.798.1917 info@jkmcpas.biz



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Board of Directors
HOPE for the Homeless, Inc.
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of HOPE for the Homeless, Inc. ("HOPE") as of and for the year ended December 31, 2013, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated July 14, 2014.

#### Compliance

As part of obtaining reasonable assurance about whether HOPE's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* as reported in the accompanying schedule of findings and questioned costs as Item 2013-03.

#### Internal Control over Financial Reporting

In planning and performing my audit, I considered HOPE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HOPE for the Homeless, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of HOPE's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as Items 2013-01 and 2013-02 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Purpose of Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HOPE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HOPE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

James Demchelland, CPA LLC

Certified Public Accountant

Shreveport, Louisiana July 14, 2014



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Independent Auditor's Report on Compliance For The Major Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Directors of HOPE for the Homeless, Inc. Shreveport, Louisiana

#### Report on Compliance for The Major Federal Program

I have audited HOPE for the Homeless, Inc.'s ("HOPE") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on HOPE's major federal program for the year ended December 31, 2013. HOPE's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and guestioned costs.

#### Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibilities

My responsibility is to express an opinion on HOPE's compliance for it's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States*, *Local Governments*, *and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HOPE's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of HOPE's compliance.

#### Opinion on The Major Federal Program

In my opinion, HOPE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2013.

#### Other matters

The results of my auditing procedures disclosed one instance of noncompliance, which is required to be reported in compliance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Item 2013-03. My opinion on the major federal program is not modified with respect to this matter.

HOPE for the Homeless, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. HOPE for the Homeless, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

#### Internal Control over Compliance

Management of HOPE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered HOPE's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of HOPE's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of HOPE as of and for the year ended December 31, 2013, and have issued my report thereon dated July 14, 2014 which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Certified Public Accountant

James Dem & belland, CPA LLC

Shreveport, Louisiana July 14, 2014

### Statements of Financial Position

		2013
December 31,	2013	(Reviewed)
		(iterieu)
Assets		
Current assets:		
Cash	<b>\$ 120,962</b>	\$ 733
Accounts receivable	9,135	14,398
Grants and contributions receivable	69,099	59,057
Prepaid expenses	15,334	-
Total current assets	214,530	74,188
Property and equipment, net (Note 3)	1,014,692	304,550
Property held for future development or donation	15,000	15,000
	\$1,244,222	\$393,738
Liabilities and Net Assets	\$1,244,222	\$393,738
Liabilities and Net Assets Liabilities (all current):		·
Liabilities and Net Assets  Liabilities (all current):  Note payable (Note 2)	\$ 102,800	\$ -
Liabilities and Net Assets  Liabilities (all current):  Note payable (Note 2)  Accounts payable and accrued expenses		\$ - 9,079
	\$ 102,800 146,744	\$ - 9,079 17,642
Liabilities and Net Assets  Liabilities (all current):  Note payable (Note 2)  Accounts payable and accrued expenses  Checks issued against future deposits  Total liabilities – all current	\$ 102,800	\$ - 9,079
Liabilities and Net Assets  Liabilities (all current):  Note payable (Note 2)  Accounts payable and accrued expenses  Checks issued against future deposits  Total liabilities – all current  Net assets:	\$ 102,800 146,744 - 249,544	\$ - 9,079 17,642 26,721
Liabilities and Net Assets  Liabilities (all current): Note payable (Note 2) Accounts payable and accrued expenses Checks issued against future deposits  Total liabilities – all current  Net assets: Unrestricted	\$ 102,800 146,744	\$ - 9,079 17,642 26,721
Liabilities and Net Assets  Liabilities (all current): Note payable (Note 2) Accounts payable and accrued expenses Checks issued against future deposits  Total liabilities – all current  Net assets: Unrestricted Temporarily restricted (Note 4)	\$ 102,800 146,744 - 249,544 994,678 -	\$ - 9,079 17,642 26,721 121,860 245,157
Liabilities and Net Assets  Liabilities (all current): Note payable (Note 2) Accounts payable and accrued expenses Checks issued against future deposits  Total liabilities – all current  Net assets: Unrestricted	\$ 102,800 146,744 - 249,544	\$ - 9,079 17,642 26,721

See accompanying summary of significant accounting policies and notes to financial statements.

### Statements of Activities

Years Ended December 31,	2013	2012 (Reviewed)
Unrestricted net assets		
Unrestricted revenues and other support:		
Contractual revenue-capital grant (Note 1)	\$ 354,843	\$ -
Contributions	351,129	42,020
Contractual revenue-operating grants (Note 1)	284,916	171,549
Assets released from restrictions	245,157	-
Service fees	65,521	69,067
United Way allocation	19,156	15,000
Special events - fundraising	4,384	2,190
Other	2,415	1,155
In-kind donation	-	50,000
Total unrestricted revenues and other support	1,327,521	350,981
Expenses:		
Salary and benefits	315,730	220,210
Office supplies and expense	22,572	11,963
Special events	21,301	11,542
Professional services	17,771	7,400
Travel and conference	15,191	10,763
Assistance	10,556	5,716
Other	12,816	2,137
Depreciation and amortization	<b>12</b> ,458	3,256
Group insurance	10,558	8,183
Insurance	9,216	5,569
Repairs and maintenance	2,708	2,416
Board meetings	2,486	1 <i>,</i> 973
Interest expense	720	-
Website	420	420
Fundraising	200	_
Total expenses	454,703	291,548
Increase in unrestricted net assets	872,818	59,433
		(Continued

### **Statements of Activities**

(Concluded)

Years Ended December 31,	2013	2012 (Reviewed)
Temporarily restricted net assets:		
Grant Revenue (Note 1)	\$ -	\$245,157
Assets released from restrictions	(245,157)	-
(Decrease) increase in temporarily restricted net assets	(245,157)	245,157
Increase in net assets	627,661	304,590
Net assets - beginning of year	367,017	62,427
Net assets - end of year	\$ 994,678	\$367,017

See accompanying summary of significant accounting policies and notes to financial statements.

### Statements of Cash Flows

V F - I - I D I 24	0042	2012
Years Ended December 31,	2013	(Reviewed)
Cash flows from operating activities:		
Change in net assets	\$ 627,661	\$ 304,590
Adjustments to reconcile change in net assets to net		
cash provided by operating activities:		
Noncash contributions, net of noncash donations	-	(50,000)
Depreciation expense	12,458	3,256
Grants and contributions restricted for long-term		
purposes	(600,772)	(245,157)
Changes in operating assets and liabilities:		,
Change in receivables	(20,808)	(10,253)
Prepaid expenses	(15,334)	-
Change in checks issued against future deposits	-	17,642
Change in accounts payable and accrued expenses	26,536	2,692
Net cash provided by operating activities	29,741	22,770
Cash flows from investing activities -		
Purchase of property and equipment	(740,242)	(246,285)
Collections on contributions restricted for long-term	(140,242)	(240,203)
	727,930	212,758
purposes  Not each used by investing activities	*	
Net cash used by investing activities	(12,312)	(33,527)
Cash flows from financing activities - borrowings under note		
payable	102,800	-
Net increase (decrease) in cash	120,229	(10,757)
Cash at beginning of year	733	11,490
Cash at end of year	<b>\$120</b> ,962	\$ 733

See accompanying summary of significant accounting policies and notes to financial statements.

### **Summary of Significant Accounting Policies**

### Nature of Activities

HOPE for the Homeless, Inc. (HOPE), is a nonprofit corporation organized under the laws of the State of Louisiana. HOPE was established to help meet the housing and service needs of the homeless in Northwest Louisiana, and help transition them to self sufficiency. Substantially all of HOPE's revenue is from grants provided by Federal, State of Louisiana, local government grants, membership and service fees, and donations.

### Basis of Accounting

The financial statements of HOPE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

# **Concentrations of Credit Risk**

The majority of HOPE's revenue comes from Federal grants, State of Louisiana grants, local grants, membership and service fees paid by local agencies. HOPE is therefore heavily dependent on the State and local government for its operations.

### Income Tax Status

As a nonprofit organization, HOPE is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. HOPE is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also assess whether it has any tax positions associated with unrelated business income subject to income tax. HOPE does not expect any of its tax positions to change significantly over the next twelve months. Any penalties related to late filings or other requirements would be recognized as penalties expense in HOPE's accounting records.

HOPE is required to file U.S. Federal Form 990 for informational purposes. Its Federal income tax filings for the tax years ended 2010 and beyond remain subject to examination by the Internal Revenue Service.

### **Summary of Significant Accounting Policies**

(Continued)

### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates made by management are the collectability of recorded receivables and the useful lives of property and equipment.

### Cash and Cash Equivalents

HOPE's cash, as stated for cash flow purposes, consists of cash on hand and in demand deposits with financial institutions.

### Property and Equipment

Property and equipment are stated at cost if purchased, or fair value if donated. Management's policy is to capitalize assets with useful lives greater than one year, regardless of cost. Depreciation and amortization are calculated using the straight-line method over the useful lives of the assets, ranging from three to forty years.

### Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### **Summary of Significant Accounting Policies**

(Concluded)

### Compensated Absences

Full-time employees begin to earn general leave after six month's employment. Annual leave allowances range from 80 hours per year for employees with less than five years of service to 160 hours per year for employees with over 10 years of service. An employee may accumulate no more than 160 hours annual leave.

# Accounts Receivable

Accounts receivable are presented in the accompanying financial statement net of any allowance for doubtful accounts. At such time as a customer account becomes totally worthless, the account is written off as a charge against the allowance for doubtful accounts. Management periodically reviews past due accounts to determine if circumstances indicate that all, or a portion, of a customer account will not be collectible. Based on this assessment, management reserves that portion of the receivable deemed to be uncollectible. At December 31, 2013 and 2012, no allowance for doubtful accounts was recorded.

### Subsequent Events

Management evaluated events subsequent to HOPE's most recent year end through July 14, 2014, the financial statement issuance date. No material subsequent events that require recognition or additional disclosure in the financial statements were noted.

### **Notes to Financial Statements**

# 1. Revenue and Support

During the year ended December 31, 2013, HOPE received contractual revenue from various federal, state and local grants. The continued existence of these funds is based on periodic contract renewals with various funding sources; amounts renewed may differ significantly from those in existence at December 31, 2013. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined. Such grant revenue is summarized as follows:

	2013	2013
Louisiana Department of Health and		
Hospitals	<b>\$133,688</b>	\$143,398
U.S. Department of Housing and Urban		
Development	144,723	28,151
Housing Authority of Bossier City	6,505	_
	\$284,916	\$171,549

In addition to operating grants, HOPE received \$354,843 and \$245,157 in funding for the acquisition and remodeling of a new building under a grant from the City of Shreveport. The maximum amount of the grant was \$600,000. As of December 31, 2013, HOPE had collected \$600,000 under the grant.

#### 2. Notes Payable

Note payable represents borrowings under a 4%, 327,076 line of credit with an outstanding balance of \$102,800 as of December 31, 2013 and maturing June 8, 2014. The note is collateralized by real estate at 2345 and 2350 Levy Street.

### **Notes to Financial Statements**

(Concluded)

# 3. Property and Equipment

The major classifications of property and equipment as of December 31, 2013 and 2012 were as follows:

	2013	2013
Building	\$ 987,835	\$ -
Equipment	25,493	11,111
Furniture and fixtures	14,683	1,101
Leasehold improvements	3,864	3,864
Construction in progress	-	293,199
	1,031,875	309,275
Accumulated depreciation and amortization	(17,183)	(4,725)
Property and equipment, net	\$1,014,692	\$304,550

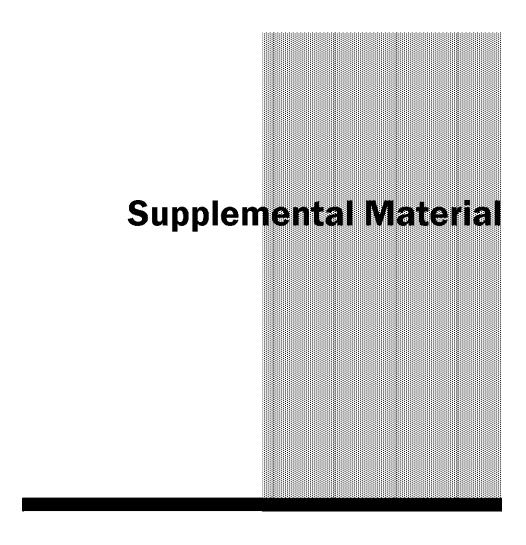
Depreciation and amortization expense for property and equipment totaled \$12,458 and \$3,256 for the years ended December 31, 2013 and 2012, respectively.

# 4. Temporarily Restricted Net Assets

Temporarily restricted net assets represent the portion of construction in progress funded by the grant with the City of Shreveport (the "Grant"). Pursuant to the terms of the Grant, should the property acquired with Grant funds be disposed of within five years of the Grant closeout, a portion of the proceeds on the disposition of the building would be payable to the City of Shreveport. Although the conditions still apply, as of December 31, 2013, these amounts are no longer reflected as temporarily restricted net assets as they have now been placed in service.

### 5. Related Party Transactions

One of HOPE's officers is also an officer of its main depository institution.



### Schedule of Expenditures of Federal Adwards

U.S. Department of Housing and Urban Development/Pass-through from the City of Shreveport  Community Development Acquisition, demolition 2012 PF- Block Grant and site preparation 14.218 CDBG-01 \$354,8 Emergency Solutions 2013 FED Grant Rapid Rehousing 14.231 ESG-010 24,4  U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Federal Grantor/Pass –	Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Federa Expenditures
Block Grant and site preparation 14.218 CDBG-01 \$354,8 Emergency Solutions 2013 FED Grant Rapid Rehousing 14.231 ESG-010 24,4  U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	mrough Grantor	Program nue	Nulliber	Number	Expenditures
Block Grant and site preparation 14.218 CDBG-01 \$354,8 Emergency Solutions 2013 FED Grant Rapid Rehousing 14.231 ESG-010 24,4  U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	1	and Urban Development/Pas	ss-through fron	n the	
Emergency Solutions Grant Rapid Rehousing 14.231 ESG-010 24,4  U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) Assistance 93.150 DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Community Development	t Acquisition, demolition		2012 PF-	
Grant Rapid Rehousing 14.231 ESG-010 24,4  U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Block Grant	and site preparation	14.218	CDBG-01	\$354,843
U.S. Department of Health and Human Services/Pass-through from Louisiana Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Emergency Solutions			2013 FED	
Department of Health and Hospitals, Office of Behavioral Health  Projects for Assistance in SSI/SSDI Outreach, Transition from Access and recovery Homelessness (PATH) (SOAR) Technical DHH Assistance 93.150 058400 90,0  U.S. Department of Housing and Urban Development  Continuim of Care Homeless Supportive Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Grant	Rapid Rehousing	14.231	ESG-010	24,450
Continuim of Care  Homeless Supportive Services  14.267  56,2  Continuim of Care  Homeless Management Information System 14.267  Supportive Housing Program  Homeless Persons (HOPE		(SOAR) Technical	93.150		90,00
Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	U.S. Department of Housing	and Urban Development			
Services 14.267 56,2  Continuim of Care Homeless Management Information System 14.267 33,2  Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Continuim of Care	Homeless Supportive			
Information System 14.267 33,2 Supportive Housing Supportive Services to Program Homeless Persons (HOPE			14.267		56,28
Supportive Housing Supportive Services to Program Homeless Persons (HOPE	Continuim of Care	Homeless Management			
Program Homeless Persons (HOPE		Information System	14.267		33,27
· · · · · · · · · · · · · · · · · · ·	Supportive Housing	Supportive Services to			
House) 14.235 30,7	Program	Homeless Persons (HOPE			
		House)	14.235		30,70

### **NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal award of HOPE for the Homeless, Inc., has been prepared utilizing the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### Schedule of Findings and Questioned Costs

Year Ended December 31, 2013

### **Financial Statements**

Type of auditor's report issued - Unqualified		
Internal Control over financial reporting		
Material weaknesses identified	<u>x</u> yes	_ no
Significant deficiencies identified	_ yes	<u>x</u> no
Noncompliance material to financial statements noted	_ yes	<u>x</u> no
Federal Awards		
Internal control over major program:		
Material weakness(es)	_ yes	<u>x</u> no
Significant deficiencies identified	_ yes	<u>x</u> no
Type of auditor's report issued on compliance for major programs		Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133	<u>x</u> yes	_no
Major program identified  Community Development Block Grant Program		CFDA 14.218
Dollar threshold used to distinguish between type A and Auditee qualified as a <u>high risk</u> auditee.	d type B programs	\$300,000
mance quanties as a mgn non audite.		

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2013

### 2013-01 - Petty Cash Management

### Condition

HOPE for the Homeless ("HOPE") should amend its petty cash policies to gain greater control over cash. During my audit, I noted that HOPE did not adequately account for bank debit card ATM cash withdrawals used to fund petty cash expenditures. Of \$3,730 of ATM cash withdrawals in FY 2013, only \$1,290 were recorded on the petty cash transaction journal. Additionally, HOPE did not maintain adequate records regarding petty cash disbursements. For example, in December 2013, there were six cash withdrawals from local ATMs totaling \$1,470 (net of fees) to fund petty cash expenditures of which only \$90 was recorded on the petty cash transaction journal. Some of those funds were used to make cash payments to clients assisting in relocating furnishings, fixtures and equipment to the recently constructed Levy Street building.

### Criteria

Internal control objectives require that sufficient documentation be maintained in order to allow management to establish expenditures are authorized and for purposes that meet the objectives of the organization.

### Recommendation

Management should implement policies prohibiting cash withdrawals from ATMs and develop processes to strengthen petty cash transaction recordkeeping.

### Management's Response and Plan of Corrective Action

The internal control issues identified during the audit resulted from the rapid growth of HOPE over the past year. We agree with this finding and have already implemented new procedures to disallow ATM cash withdrawals and strengthen petty cash recordkeeping and cash management.

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2013

### 2013-02 – Use of Debit Cards

### **Condition**

Near the end of my fieldwork, management was informed that there were several unauthorized charges to HOPE debit cards. While the amount charged was not significant, the bank did inform HOPE that any unauthorized transactions would not be refunded.

### Criteria

Internal control objectives should be designed to minimize the potential that HOPE assets will not be misused or misappropriated. In the event of a loss through theft, the internal control system should be sufficient to allow for the possibility of recovery of lost funds.

### Recommendation

Management should, at a minimum, cease the use of debit cards as any losses will not be returned. Ideally, all expenditures should be made by check; however, properly utilized, credit cards can provide a reasonable level of protection against theft as any losses in excess of \$50 can be recovered.

### Managements Response and Plan of Corrective Action

The internal control issues identified during the audit resulted from the rapid growth of HOPE over the past year. We agree with the findings and recommendations and are investigating alternatives to the use of debit cards.

### 2013-03 - Cash Management

### Program Affected

Continuum of Care Program, CFDA 14.267, Title IV of the McKinney-Vento Homeless Assistance Act.

Schedule of Findings and Questioned Costs (Concluded)
Year Ended December 31, 2013

### 2013-03 – Cash Management

### Criteria - Continued

OMB Circular A-110 (2 CFR section 215.22(b)) requires, in part:

Recipients are to be paid in advance, provided they maintain or demonstrate the willingness to maintain: (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and (2) financial management systems that meet the standards for fund control and accountability as established in Schedule of Findings and Questioned Cost Section \_\_\_\_.21. Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project.

### **Condition**

During my testing of program billings and receipts, I noted that HOPE invoiced HUD on October 12, 2013 \$33,278.75, which was \$12,964.80 in excess of program costs to date. Management realized the error, but the error occurred during the government sequestration shutdown from October 1 through 16, 2013. As a result, HUD did not have staffing to help HOPE deal with the error.

Management made the determination to retain the excess funds and not bill HUD for additional program costs until the excess reimbursements were covered by expenses occurring in October, November and December 2013. Funds expended by December 31, 2013 were sufficient to justify the total billing to the Federal government.

### <u>Recommendation</u>

Management should develop processes and procedures to ensure billings and the related draw downs equal the cost incurred.

### Management's Response and Plan of Corrective Action

We agree with the findings and recommendations and has already instituted a system to ensure billings are properly calculated.

### **Schedule of Prior Year's Findings**

### Year Ended December 31, 2012

	Fiscal Year		
	Finding	Description	Corrective
Ref.	Initially	of	Action
No.	Occurred	Finding	Taken

None